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World Production and Trade

United States
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Service

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Weekly
Roundup

WR 4-86

Jan. 29, 1986

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

Philippines To Import Feed Wheat. Philippine feed millers are currently considering the importation of at least 25,000 metric tons of feed wheat from Australia and/or Canada. Corn imports were suspended in early May, apparently to protect domestic farmers who were facing stiff competition from less expensive, higher quality corn imports. This would represent the first known domestic feeding of wheat by Philippine livestock producers, who usually feed 2 million tons of corn annually. Large supplies of feed wheat should be available from both Canada and Australia, but Australia retains a considerable transportation advantage, making it the more likely supplier.

Brazilian Imports of U.S. Wheat Could Increase. U.S. wheat exports to Brazil could be higher than expected in 1985/86 (July/June) due to reported quality problems with Argentine wheat and Argentina's apparent inability to meet shipping schedules. As a result of these problems, Brazil has reduced wheat import commitments under its bilateral agreement with Argentina to 600,000 tons in calendar year 1986 to be delivered January-March. The agreement originally called for about 1.4 million tons of wheat to be delivered between October 1985 and July 1986, but less than 200,000 tons had been shipped through December 1985.

Wheat not purchased from Argentina, which could total as much as 600,000 tons, may be purchased from the United States. Brazil has long been an important U.S. wheat market, importing about 2.5 million tons per year over the past six years. However, a huge increase in Brazil's wheat production estimate for 1985 (4.1 million tons compared to a 1.9-million-ton crop for 1984), combined with stiffer Argentine competition, had earlier put downward pressure on possible U.S. wheat exports to Brazil.

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OILSEEDS AND PRODUCTS

USSR Re-Enters U.S. Soybean Market. USDA has reported sales by U.S. exporters of 475,400 tons of soybeans to the USSR during the past week. On January 17, sales of 200,000 tons of soybeans were announced. An additional 150,000 tons were sold on January 23. On January 24, USDA announced 125,400 tons of soybeans sold during the week prior to January 16. All sales are for delivery to the USSR during the 1985/86 marketing year, which is the third year of the Long-Term Grain Supply Agreement. USDA forecasts October-September 1985/86 soybean imports by the Soviet Union from all sources at 850,000 tons.

Record Hungarian Sunflowerseed Oil Exports Forecast for 1985/86. The U.S. agricultural counselor in Vienna forecasts Hungary's 1985/86 sunflowerseed oil exports at a record 200,000 tons. Hungary's traditional sunflowerseed oil markets in order of importance are Algeria, Austria, Switzerland, Egypt and the USSR. The USSR is the world's second largest vegetable oil importer. Egypt is an important market for U.S. vegetable oil, with fiscal 1985 U.S. exports of vegetable oil to Egypt valued at \$47.3 million. There is little expectation that Egypt will take large quantities of U.S. sunflowerseed oil because of a currency shortage. However, it is likely that Hungary will supply Egypt with sunflowerseed oil under a five-year contract which was to begin with the 1985/86 marketing year (August-July). The contract is for Hungary to supply sunflowerseed oil to Egypt valued at US\$20-25 million annually.

Portuguese Tax System Favors Olive Oil Over Oilseeds and Other Vegetable Oils. In conjunction with Portugal's accession to the European Community (EC), the Portuguese value-added tax (VAT) system, established on Dec. 26, 1984, went into effect on Jan. 1, 1986. Oilseeds and vegetable oils (except olive oil) are subject to a 8-percent VAT. The incidence of the VAT on oilseeds and selected vegetable oils will make these products more expensive and less competitive with olive oil. Portugal imported \$160 million worth of oilseeds and products from the United States in fiscal 1985, most of which was soybeans and sunflowerseed. USDA forecasts 1985/86 total soybean and sunflowerseed imports by Portugal at 750,000 and 255,000 tons, respectively. Although most Portuguese imports of soybeans have historically been from the United States, Argentina has recently been taking some of this market.

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TOBACCO

Poland Raises Cigarette Prices. Effective Dec. 30, 1985, the Polish Ministry of Finance raised cigarette retail prices from 8 to 20 percent, depending on the brand. In addition, a new filter-tip cigarette, Wiarus, has been introduced. Other cigarette brands are being produced with acetate filters, which will improve their quality. The new cigarette prices are intended to reduce the upward trend in cigarette smoking and will probably stabilize production at slightly over 90 billion pieces in 1986. In 1985, there were spot shortages throughout the year of certain brands, as production increased to over 94 billion pieces from around 91 billion in 1984. A share of the price increase will go to a campaign to reduce smoking, which if successful, will further dampen demand. This increase, the first in two and a half years, will increase government revenues and make up for production cost increases incurred since the last price increase.

Tunisia Increases Cigarette Prices. Effective Dec. 17, 1985, Tunisia increased the domestic selling price of locally produced and imported cigarettes by an average of 5 percent for imports and 6.5 percent for domestic brands. With the average domestic cigarette one-third the price of imports, the new prices do not dramatically change the price differential. This increase, the first since December 1984, will increase revenues in line with or slightly ahead of increases in production costs incurred since that time.

Italian Tobacco Imports From United States Revised Upward. Projections for 1985 tobacco trade in Italy were recently revised as preliminary figures show a sharp jump in imports and a decline in exports. Italian tobacco imports from the United States for 1985 have been increased over 10 percent from the previous estimate of 12,200 tons to 13,500 tons. Total imports have jumped even more, by 33 percent, from 11,800 to 18,500 tons. On the export side, total exports have been scaled back 11 percent to 80,000 tons from 90,000. With production estimates also increased and consumption stable, the figure for tobacco stock levels has increased 19 percent to 192,970 tons, or nearly two and a half years' supply. These factors may lead to the first decrease in grower prices in many years. This will also likely lead to higher 1985 deliveries to government intervention stocks.

SOVIET AGRICULTURE

USSR Issues 1985 Plan Fulfillment Report. The 1985 USSR plan fulfillment report published January 26 in Pravda contains the following production data, given below in million tons with comparable figures for 1984:

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	1985	1984
Sugarbeets	82.0	82.251
Sunflowerseed	5.23	4.520
Cotton (seed)	8.75	8.619
Potatoes	73.0	85.515
Vegetables	28.0	31.538
Fruit (excl. grapes)	10.4	10.049
Meat (slaughter weight)	17.1	17.0
Milk	98.2	97.9
Wool (1,000 metric tons)	442.0	465.0
Eggs (billions)	77.0	76.5

Total Soviet livestock inventory figures as of January 1 are presented below in million head with the comparable data for 1985.

	Jan. 1, 1986	Jan. 1, 1985
Cattle	120.7	121.0
of which cows	42.8	43.6
Hogs	77.6	77.9
Sheep and goats	146.5	149.2

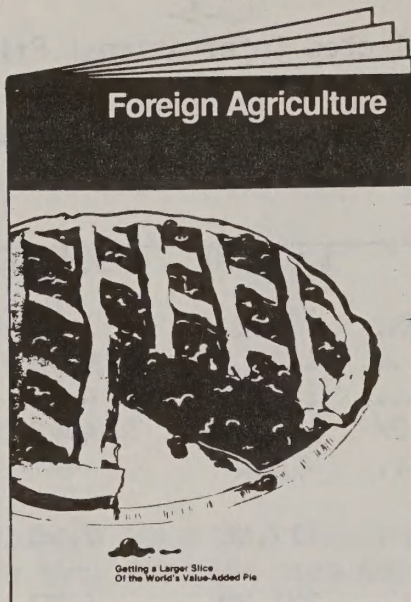
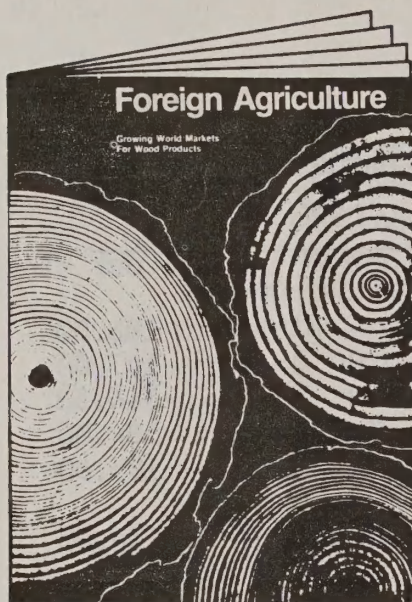
The plan fulfillment report stated that in the socialized sector, the average per-cow milk yield increased by 52 kilograms during 1985. Also, daily weight gains by cattle and hogs had increased by 2 percent. (Presumably, this relates to the socialized sector.)

According to the report, winter grains, which will be harvested in 1986, were seeded on 32.8 million hectares last fall. Fall plowing was carried out on 106.9 million hectares.

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Selected International Prices

Item	: Jan. 28, 1986	: Change from	: A year
	:	: 12/17/85	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			\$ per MT
Canadian No. 1 CWRS-13.5%.	N.Q.	--	188.00
U.S. No. 2 DNS/NS: 14%....	174.00	4.74	183.00
U.S. No. 2 S.R.W.	152.50	4.15	164.50
U.S. No. 3 H.A.D.....9/	165.00	4.49	184.00
Canadian No. 1 A: Durum...	N.Q.	--	193.50
Feed grains:			
U.S. No. 3 Yellow Corn....	117.50	2.98	134.00
Soybeans and meal:			
U.S. No. 2 Yellow.....	221.20	6.02	248.50
Brazil 47/48% SoyaPellets	209.00	--	180.00
U.S. 44% Soybean Meal....	187.00	--	166.00
U.S. FARM PRICES 3/			
Wheat.....	109.85	2.99	123.08
Barley.....	N.Q.	N.Q.	84.51
Corn.....	87.80	2.23	103.54
Sorghum.....	76.28	3.46 2/	91.71
Broilers.....	1151.46	--	1160.50
EC IMPORT LEVIES			
Wheat 5/.....	131.25	3.57	43.75
Barley.....	118.90	2.59	54.30
Corn.....	105.10	2.67	43.55
Sorghum.....	112.90	2.87	50.45
Broilers 4/ 6/ 8/.....	248.00	--	155.00
EC INTERVENTION PRICES 7/			
Common wheat(feed quality)	174.40	4.74	138.85
Bread wheat (min. quality)	185.65	5.05	147.80
Barley and all			
other feed grains.....	174.40	--	138.85
Broilers 4/ 6/.....	1270.00	--	1031.00
EC EXPORT RESTITUTIONS (subsidies)			
Wheat	N.A.	--	N.A.
Barley.....	N.A.	--	28.70
Broilers 4/ 6/ 8/.....	161.00	--	91.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ April-May shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis February delivery.



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